



Public Interest Research Group In Michigan

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**Testimony before the House Banking and Finance Committee
Regarding House Bills 6457, 6458 and 6459 (Identity Theft Protections)
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Thank you, Representative Robertson and also the entire Committee, for taking the time to address what continues to be the fastest growing crime in America: identity theft. Also, thank you for allowing me the opportunity to provide PIRGIM's position on the package of bills in question.

My name is David Pettit and I am the Public Interest Associate for PIRGIM, the Public Interest Research Group in Michigan. PIRGIM is a non-partisan, non-profit, member-based organization that works on public interest issues such as consumer protection. Since 1972, PIRGIM has worked with our over 10,000 members across the state to ensure that their interests are well-represented in state government. For example, our landmark study, Policing Privacy: Michigan Law Enforcement Officers on the Challenges of Tackling Identity Theft, brought many of the challenges and consequences of identity theft to light. Identity theft has been a top consumer issue for PIRGIM for several years and our members strongly agree that additional protections for Michigan residents are still needed.

By now we have all heard of the potentially devastating impacts of identity theft and the millions of people who have had their personal information fall into the wrong hands. Having your identity stolen is not only time-consuming and costly, but also incredibly stressful. Psychiatrists have compared identity theft to post-traumatic stress disorder and an average of 60 hours and \$1200 are spent by victims trying to reconcile fraudulent accounts according to the Federal Trade Commission.

That being said, I applaud Representatives Baxter, Farhat and Pastor for addressing this important issue by introducing HBs 6457, 6458 and 6459. These bills provide consumers with additional tools to combat the effects of fraudulent accounts and take attempt to prevent these accounts from being opened in the first place. For example, HB 6457 creates a type of credit monitoring option so that consumers can be made aware of new accounts being opened on a more regular basis, while HB 6458 strengthens protections for victims trying to cancel fraudulent checks. HB 6459 presents preventative measures by requiring businesses to remove customers' credit card information after being on file

for four years. While these are all steps in the right direction, two specific measures have been adopted in other states that would provide even stronger protections for Michigan residents against identity theft.

The best way to minimize the effects of identity theft is to prevent fraudulent accounts from being opened in the first place. That means that consumers need to be notified if someone illegally gains access to their personal information as soon as the business of government agency finds out about it instead of when the victim gets an unexpected bill in the mail. 34 other states have breach notification laws that make sure consumers are notified if their information falls into the wrong hands. Michigan does not.

Additionally, consumers should have the ability to freeze their credit report, which prevents thieves from opening fraudulent accounts by denying creditors the ability to issue new credit without a special passcode. Currently 25 other states provide their residents with this effective tool against identity theft. Again, Michigan does not.

Michigan residents deserve the best protections available, and while these bills are small steps in the right direction, other states have already provided their residents with much stronger protections against the fastest growing crime in the country.

Thank you for allowing me to present this testimony to you this morning. I would be happy to take any questions.

For model state identity theft protection laws including breach notification and security freeze laws created by the State Public Interest Research Groups and Consumers Union of U.S., Inc.

(publisher of Consumer Reports), please visit

<http://www.pirg.org/consumer/credit/model.htm>

PIRGIM is a non-profit, non-partisan, statewide, member-based organization dedicated to protecting Michigan consumers since 1972.